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Serbian Farmers Protesting over new Government Measures

Report Categories:

Agricultural Situation

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Report Highlights:

A number of Vojvodina roads remained blocked on June 2 by protesting famers who have rejected a new measure from Agriculture Minister that agriculture subsidies be limited to farms of 10 hectares. According to the Farmers Association, farmers were using between 6,000 and 7,000 tractors across Vojvodina for their protests and would continue to make “even fiercer” attempts to get to Belgrade. Farmers are criticizing the new Minister of Agriculture for delayed announcement of the new agriculture measures, only month before the start of the new wheat harvest and several weeks after completing this year spring planting.

General Information:

Since May 30th, thousands of Serbian farmers started to protest, by blocking roads and accesses to cities in Vojvodina, against newly imposed government agriculture measures. According to the new measures only farmers with land of maximum 10 Ha (mostly small/family farmers) will be able to receive government planting subsidy of 14,000 dinars/Ha (\$209/Ha). For the past three years maximum size of land for receiving government planting subsidy per hectare was 100 Ha. According to the Serbian Ministry of Agriculture, during 2010, a total of 11.5 billion dinars (\$170 million) was paid to 74,901 farmers from the Serbian budget. Most of these receivers of government subsidies, about 55,000 of them will not be affected by planned subsidies cuts since they are small farmers with arable land of up to 10 Ha.

Most of the farmers that are protesting are larger farmers from Vojvodina that have up to 100 Ha of land and were receiving government planting subsidies for the past three years. Vojvodina farmers traditionally are owning and cultivating much bigger land, comparing to farmers in Central and South Serbia. As a result, about 70 percent of the total amount paid for planting subsidies in the previous years went to Vojvodina farmers, that are already the most developed in the country and do not need government support as much as farmers in the other parts of Serbia.

After the Government reshuffle in March this year when previous Minister of Agriculture was replaced with a new Minister from the same political party, the Ministry of Agriculture was merged with the Ministry of Trade. Due to personnel and organizational changes, the announcement of the new agriculture measures for 2011 came at the end of May, only a month before the new wheat harvest and weeks after farmers completed spring planting.

According to Vojvodina Farmers Association, the main criticism towards the new Minister of Agriculture is his actions coming late and sudden without. In the fall of 2010 the previous Minister of Agriculture promised to farmers that planting subsidy of 14,000 dinars (\$209/Ha) would be included in the agriculture budget for year 2011.

During this week negotiations between the Minister of Agriculture and Trade and the Association of Vojvodina Farmers, farmers were offered a compromise solution, according which subsidies would be paid for 30 Ha of land per registered property. Farmers rejected the Minister's offer and insisted on planting subsidies for farms with up to 100 Ha, as it was in the previous years.

According to the Serbian Government, planting subsidies had to be reduced due to limited funds in the state agriculture budget and newly adopted government agriculture policy for 2011 to give more support to small/family farmers. The Ministry of Agriculture argued that large farmers in Serbia are capable of taking care of their own businesses through a government supported crediting system.

This week, the Serbian Government passed an agricultural credit program that should enable farmers to invest in production of crops, livestock, fruits, vineyards, vegetables, equipment and mechanization as well as building facilities. In 2011, the GoS set aside about 2.7 billion dinars (US\$ 40 million) to underwrite this credit initiative. These funds will be disbursed through commercial banks with an 8 percent interest rate and 3 years repayment term. Registered agriculture households will be able to take

loans of up to 5 million dinars (\$75,000).

Serbia has in total about 700,000 of farms of which about 450,000 farmers are registered in the Ministry of Agriculture. For the past three years, the government support was used only by 75,000 farmers or 10 percent of the total number of farmers in Serbia. This is because of the clause that only users of Government planting subsidies can be registered farmers that are regularly paying costs for pension and health fund to the state. Of the total subsidy of 14,000 din/HA (USD209/HA) farmers were able to use 4,000 din/Ha (USD60/HA) for purchasing certified seeds, 4,000 din/HA (USD60/HA) for diesel fuel and 6,000 din/Ha (USD89/HA) for purchasing mineral fertilizers.

As a result of farmers protests Serbian Government might be considering to reverse back to the previous subsidy level of 14,000 dinars (\$209/Ha) for registered land of up to 100 Ha until the end of 2011. However, farmers are continuing blocking roads with tractors until they receive the official confirmation from the Serbian Government.